

NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT
MINUTES OF THE
MAY 18, 2006, BOARD MEETING

BOARD MEMBERS PRESENT: Mark Sanford, President
Barb Evanson, Vice President
Clarence Corneil, Trustee
Michael Gessner, Trustee
Lowell Latimer, Trustee
Kelly Schmidt, State Treasurer

BOARD MEMBER ABSENT: Wayne Sanstead, State Superintendent

STAFF PRESENT: Steve Cochrane, Executive Director
Fay Kopp, Deputy Executive Director
Bonnie Heit, Office Manager
Les Mason, Internal Audit Supervisor
Kelli Schroeder, Data Processing Coordinator
Shelly Schumacher, Retirement Supervisor
Dottie Thorsen, Internal Auditor
Gary Vetter, Information Systems Supervisor

OTHERS PRESENT: Michelle DeLange, Buck Consultants
Bill Hogan, Milliman Inc.
Gloria Lokken, NDEA
Scott Miller, Attorney General's Office
Dave Slishinsky, Buck Consultants
Tami Wahl, NDRTA
LaDonna Whitmore, NDRTA

CALL TO ORDER:

Dr. Mark Sanford, President of the Teachers' Fund for Retirement (TFFR) Board of Trustees, called the meeting to order at 1:10 p.m. on Thursday, May 18, 2006, at the State Capitol, Fort Union Room, Bismarck, North Dakota.

THE FOLLOWING MEMBERS WERE PRESENT REPRESENTING A QUORUM: TREASURER SCHMIDT, MRS. EVANSON, PRESIDENT SANFORD, MR. GESSNER, DR. LATIMER, AND MR. CORNEIL.

On behalf of the TFFR Board, President Sanford expressed gratitude and respect for Mr. Howard Snortland for his contributions to TFFR and to the State of North Dakota. Mr. Snortland and his wife Adeline passed away May 2 and 3, 2006, respectively.

MINUTES:

The Board considered the minutes of the March 16, 2006 board meeting and the April 11, 2006 special board meeting.

MRS. EVANSON MOVED AND TREASURER SCHMIDT SECONDED TO APPROVE THE MINUTES OF THE MARCH 16, 2006 BOARD MEETING AND THE APRIL 11, 2006 SPECIAL BOARD MEETING AS PRESENTED.

AYES: TREASURER SCHMIDT, MRS. EVANSON, PRESIDENT SANFORD, MR. GESSNER, MR. CORNEIL, AND DR. LATIMER.

NAYS: NONE

MOTION CARRIED.

ABSENT: DR. SANSTEAD

ACTUARIAL AUDIT REQUEST FOR PROPOSAL (RFP):

Mrs. Fay Kopp, Deputy Executive Director, reviewed the schedule and RFP evaluation process used to select the two finalists to conduct the actuarial audit. Finalists were Millman, Inc. and Buck Consultants.

Mr. Bill Hogan presented a summary of the proposal submitted by Millman, Inc. of Milwaukee, WI.

Mr. Dave Slishinsky and Ms. Michelle DeLange presented a summary of the proposal submitted by Buck Consultants of Denver, CO.

After the firms' presentations, the Board discussed which firm they felt would best meet the needs of the Board. After discussion,

TREASURER SCHMIDT MOVED AND MR. CORNEIL SECONDED TO AWARD THE CONTRACT TO BUCK CONSULTANTS TO PERFORM AN ACTUARIAL AUDIT OF GABRIEL, ROEDER, SMITH & COMPANY.

AYES: DR. LATIMER, TREASURER SCHMIDT, MRS. EVANSON, MR. CORNEIL, AND PRESIDENT SANFORD

NAYS: MR. GESSNER

MOTION CARRIED.

ABSENT: DR. SANSTEAD

BOARD RESOLUTION:

President Sanford recognized Mrs. Evanson for her 10 years of faithful and dedicated service to the TFFR and State Investment Boards. Mrs. Evanson will be retiring effective June 1, 2006. Mrs. Kopp read the following resolution which was approved by the Board.

RESOLUTION IN APPRECIATION OF BARB EVANSON

WHEREAS, Barb Evanson served as trustee and vice president of the ND Teachers' Fund for Retirement Board representing active members with honor for 10 years from 1996 to her retirement in 2006; and

WHEREAS, Barb represented TFFR on the State Investment Board, State Investment Board Audit Committee, TFFR Benefits and Services Committee, and National Council on Teacher Retirement; and

WHEREAS, Barb distinguished herself as an outstanding and dedicated trustee whose unique insights concerning the problems and needs of fund members and public pension plans have left an indelible imprint; and

WHEREAS, Barb championed the improvement of benefits for active and retired TFFR members while maintaining the actuarial soundness of the Plan; and

WHEREAS, Barb demonstrated the highest level of excellence, enthusiasm, and accomplishments in her many years of public service and has been an inspiration to all who have had the pleasure to serve with her; and

WHEREAS, Barb proudly served the Bismarck School District and the North Dakota education community for over 28 years as an elementary and middle school teacher; now therefore, be it

RESOLVED, that the TFFR Board expresses its sincere appreciation to Barb for her distinguished service to the Board, and for her contributions, dedication and unwavering support of the teachers, students, and citizens of North Dakota; and be it further

RESOLVED, that the Board extend its best wishes to Barb and her husband, Bruce, for a long and happy retirement; and be it further

RESOLVED, that a copy of this Resolution be presented to Barb Evanson and printed in the official TFFR Board minutes, on behalf of the many lives she has so positively touched.

The Board recessed at 2:45 p.m. and reconvened at 3:15 p.m.

CPAS PROJECT POST IMPLEMENTATION REPORT:

Mrs. Kopp introduced Mr. Jim Gienger, Enterprise Solutions Inc., RIO's Project Coordinator/Project Manager, for the CPAS pension administration software project. Mr. Gienger reviewed the CPAS project post implementation report and final Information Technology Department's (ITD) large project quarterly report. Mr. Gienger reported that the project was completed nearly \$68,000 under the original \$2,000,000 budget. Implementation was extended by about 4 months over the original 18 month schedule to accommodate migration to the FileNet image system which was not anticipated at project start up. Mr. Gienger also emphasized the high level of team commitment that contributed to a successful CPAS implementation and FileNet migration. Copies of the reports are on file at the Retirement and Investment Office (RIO).

MRS. EVANSON MOVED AND TREASURER SCHMIDT SECONDED TO APPROVE THE CPAS POST IMPLEMENTATION PROJECT REPORTS AS PRESENTED.

AYES: MR. CORNEIL, MRS. EVANSON, DR. LATIMER, TREASURER SCHMIDT, PRESIDENT SANFORD, AND MR. GESSNER

NAYS: NONE

MOTION CARRIED

ABSENT: DR. SANSTEAD

ANNUAL AGENCY TECHNOLOGY REPORT:

Mr. Gary Vetter, Supervisor of Information Technology, updated the Board on RIO's technology plans. He reviewed with the Board how the implementation of the CPAS system has and will continue to affect the overall technology decisions for the office. A copy of Mr. Vetter's report is on file at RIO.

LEGISLATIVE UPDATE:

Mrs. Kopp updated the Board on the Employee Benefits Programs Committee (EBPC) meeting which was held on May 17 and the issues that were discussed. The following bills have been filed that relate to the TFFR program:

Bill No. 68 was submitted by the TFFR Board and includes the provisions approved by the Board at the March meeting.

Bill No. 84 was submitted by Rep. Klein and increases employer and employee contribution rates to TFFR.

Bill No. 67 was submitted by Rep. Klein and changes the conditions under which a retired member of TFFR may return to teach.

Bill No. 73 was submitted by the State Board for Career and Technical Education (CTE) and allows employees of CTE to transfer from TFFR to PERS.

INVESTMENT UPDATE:

Mr. Steve Cochran, Executive Director, reviewed the State Investment Board (SIB) agenda for the May 19, 2006 meeting. He also informed the Board TFFR's estimated year-to-date return as of May 17, 2006 is 15.86%.

BOARD CALENDAR AND EDUCATION PLAN 2006-07:

Mrs. Kopp presented a draft board meeting schedule and board calendar and education plan for fiscal year 2006-07. After discussion, the Board approved the calendar and education plan and directed Mrs. Kopp to include other educational topics as appropriate.

TRUSTEE APPOINTMENT PROCESS:

Mrs. Kopp reviewed the trustee appointment process. Mrs. Evanson's retirement leaves vacancies on the TFFR Board, SIB Board, and SIB Audit Committee. Mr. Gessner is currently filling the unexpired term of Mr. Paul Lofthus which ends June 30, 2006. The Board discussed who should be the TFFR Board representative on the SIB and the SIB Audit Committee. After discussion,

MR. CORNEIL MOVED AND MR. LATIMER SECONDED TO NOMINATE MR. GESSNER TO REPRESENT THE TFFR BOARD AT THE SIB AND SIB AUDIT COMMITTEE MEETINGS FOR FISCAL YEAR 2006-07, IF THE GOVERNOR REAPPOINTS MR. GESSNER TO THE TFFR BOARD.

AYES: MRS. EVANSON, TREASURER SCHMIDT, PRESIDENT SANFORD, DR. LATIMER, MR. GESSNER, AND MR. CORNEIL

NAYS: NONE

MOTION CARRIED.

ABSENT: DR. SANSTEAD

CONSENT AGENDA:

TREASURER SCHMIDT MOVED AND MR. GESSNER SECONDED TO APPROVE ONE MEMBER ELIGIBLE FOR PERMANENT DISABILITY BENEFITS.

AYES: PRESIDENT SANFORD, MRS. EVANSON, DR. LATIMER, MR. GESSNER, MR. CORNEIL, TREASURER SCHMIDT

NAYS: NONE

MOTION CARRIED.

ABSENT: DR. SANSTEAD

OTHER:

Included in the board materials was information on the National Council on Teacher Retirement (NCTR) annual trustee workshop to be held July 29-31, 2006 at Park City, UT. Board members are to let staff know by June 21 if they are interested in attending.

EXECUTIVE SESSION:

President Sanford asked Mr. Scott Miller, Assistant Attorney General, to provide guidance to the Board regarding going into Executive Session. Mr. Miller advised the Board that it would have to go into executive session to discuss confidential retirement information relating to a member appeal, but could also close the meeting for attorney-client consultation. Mr. Miller reminded the Board that any Executive Session discussion must be limited to the appeal issue only. Under North Dakota Century Code (NDCC) 44-04-19.1 (2), the Board has the legal authority to meet in Executive Session for the purpose of attorney-client consultation.

MRS. EVANSON MOVED AND MR. CORNEIL SECONDED TO MOVE TO EXECUTIVE SESSION FOR ATTORNEY-CLIENT CONSULTATION.

AYES: MRS. EVANSON, MR. CORNEIL, TREASURER SCHMDIT, MR. GESSNER, DR. LATIMER, AND PRESIDENT SANFORD

NAYS: NONE

MOTION CARRIED.

ABSENT: DR. SANSTEAD

EXECUTIVE SESSION

Executive Session attendees included: Mrs. Evanson, Treasurer Schmidt, President Sanford, Dr. Latimer, Mr. Corneil, Mr. Gessner, Mr. Miller, and RIO staff.

Executive Session began at 4:25 p.m. and ended at 4:40 p.m.

OPEN SESSION

TREASURER SCHMIDT MOVED AND MRS. EVANSON SECONDED TO ACCEPT THE REVISED FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER FOR OAH FILE NO. 20050366.

AYES: DR. LATIMER, MRS. EVANSON, PRESIDENT SANFORD, TREASURER SCHMIDT, MR. GESSNER, AND MR. CORNEIL

NAYS: NONE

MOTION CARRIED.

ABSENT: DR. SANSTEAD

ADJOURNMENT:

With no further business to come before the Board,

TREASURER SCHMIDT MOVED AND DR. LATIMER SECONDED TO ADJOURN THE MEETING.

AYES: TREASURER SCHMIDT, MRS. EVANSON, DR. LATIMER, MR. GESSNER, MR. CORNEIL, AND PRESIDENT SANFORD


NAYS: NONE

MOTION CARRIED.


ABSENT: DR. SANSTAED

President Sanford adjourned the meeting at 4:42 p.m.

Respectfully Submitted:



 Dr. Mark Sanford, President
 Teachers' Fund for Retirement Board



 Bonnie Heit
 Reporting Secretary